GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA

STARRED QUESTION NO:452
ANSWERED ON:26.08.2004
SUBSIDY ON LPG AND KEROSENE
Madhwaraj Smt. Manorama;Suman Shri Ramji Lal

Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

(a) whether the Government provide subsidy on LPG and Kerosene;

(b) if so, the quantum of subsidy provided at present on both LPG and Kerosene;

(c) whether the Oil marketing companies have sought sharing the subsidy burden with companies like GAIL & ONGC;

(d) if so, whether the cost of production of the aforesaid items are also calculated while determining the amount of subsidy;

(e) if so, the names of the heads whose expenditure is included by the Government while calculating cost of production; and

(f) the extent to which cost of production of LPG and Kerosene increased, separately, following unprecedented increase registered in the prices of crude oil in the international market during the year 2004-2005 ?

Answer

MINISTER OF PETROLEUM & NATURAL GAS AND PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to (f) : A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (f) OF THE LOK SABHA STARRED QUESTION NO. 452 BY SHRI RAMJI LAL SUMAN AND SHRIMATI MANORAMA MADHAVARAJ TO BE ANSWERED ON 26TH AUGUST, 2004 REGARDING SUBSIDY ON LPG AND KEROSENE.

(a) & (b): PDS Kerosene and Domestic LPG are subsidized products. In addition to the Government subsidy, the oil PSUs are sharing the burden of subsidizing these products. During the year 2004-05, the Government subsidy per selling unit of PDS Kerosene and Domestic LPG is estimated at Rs.1.47/litre and Rs.40.65/cylinder respectively. In addition, during April-June2004, the oil PSUs bore under-recoveries of around Rs.5.50/litre and Rs.87.50/cylinder on PDS Kerosene and Domestic LPG respectively.

(c): Yes, Sir.

(d) & (e): The amount of subsidy per selling unit is computed as the difference between the cost price and the issue price, with the cost price being computed on import parity basis. The elements considered in the computation of the cost price include FOB price, ocean freight, insurance charges, exchange rate, customs duty, port charges, storage/distribution cots, inland freight, etc.

(f): A comparison of the international prices of the Indian basket of crude oil, kerosene and LPG during 2004-05 with the 2003-04 prices is at the Annex.

ANNEX

Period	Indian Crude Oil Basket ($/barrel)	Kerosene ($/barrel)	LPG($/MT)
2003-04	27.96	31.19	278.45
2004-05 April-June 2004	34.23	41.21	319.93
July 2004	36.35	45.58	327.00
August 2004 (upto 23.8.2004)	41.04	50.14	341.00